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**CITY OF BAKER SCHOOL SYSTEM**

**BAKER, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2012**

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Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 16 2013

**P&N** Postlethwaite  
& Netterville

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

**CITY OF BAKER SCHOOL SYSTEM**

**BAKER, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2012**

**CITY OF BAKER SCHOOL SYSTEM**

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**CITY OF BAKER SCHOOL SYSTEM**

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**INDEPENDENT AUDITORS' REPORT**

The Members of the  
City of Baker School System  
Baker, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate non-major fund information of the City of Baker School System (School System) as of and for the year ended June 30, 2012, which collectively comprise the School System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate non-major fund information of the City of Baker School System as of June 30, 2012 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, certain errors resulting in overstatement of amounts previously reported for capital assets and notes payable as of June 30, 2011, were discovered by management of the School System during the current year. Accordingly, amounts reported for fixed assets and notes payable have been restated in the 2012 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2011, to correct the error.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2012 on our consideration of the City of Baker School System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and the schedule of funding progress and schedule of employer contributions for other post-employment benefit plans presented on pages 34 through 39, and page 40 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School System's financial statements as a whole. The accompanying other supplemental information on pages 41 through 46 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The information included in the performance and statistical data on pages 58 through 76 has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it. Our report on performance of agreed-upon procedures with respect to that information is dated December 19, 2012.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
December 19, 2012

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

**ASSETS**

Cash and cash equivalents	\$	11,144,401
Investments		220,275
Receivables		
Sales tax		543,354
Due from other governments		1,210,123
Other		1,381
Inventory		30,645
Capital assets, net of accumulated depreciation		1,599,428
Other assets		36,966
		<hr/>
TOTAL ASSETS	\$	14,786,573

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Salaries payable and accrued expenses	\$	728,084
Long-term liabilities		
Due within one year		36,966
Due in more than one year		1,578,431
		<hr/>
TOTAL LIABILITIES		2,343,481

**NET ASSETS**

Invested in capital assets, net of related debt		1,599,428
Restricted for federal and state grant programs		46,370
Unrestricted		10,797,294
		<hr/>
TOTAL NET ASSETS	\$	12,443,092

The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in Net
			Contributions	Assets
				Governmental
				Activities
<b>Instruction</b>				
Regular education programs	\$ 8,472,258	\$ -	\$ 1,144,576	\$ (7,327,682)
Special education programs	1,755,497	-	234,296	(1,521,201)
Other education programs	1,846,961	-	249,632	(1,597,329)
<b>Support Services:</b>				
Pupil support services	936,651	355,699	128,467	(452,485)
Instructional staff services	1,243,574	-	170,188	(1,073,386)
General administration services	844,175	-	116,149	(728,026)
School administration services	1,278,074	-	173,308	(1,104,766)
Business and central services	645,365	-	112,585	(532,780)
Plant operation and maintenance	1,824,144	-	234,923	(1,589,221)
Transportation	775,770	87,287	104,525	(583,958)
Food services	1,230,296	38,935	783,167	(408,194)
Other	4,769	-	-	(4,769)
<b>Total Governmental Activities</b>	<b>20,857,534</b>	<b>481,921</b>	<b>3,451,816</b>	<b>(16,923,797)</b>
<b>General Revenues</b>				
<b>Taxes:</b>				
Ad valorem taxes				1,795,373
Sales and use taxes				3,064,477
<b>Grants and contributions not restricted to specific purposes.</b>				
Minimum foundation program				11,641,939
Interest and investment earnings				13,403
Miscellaneous				56,042
<b>Total general revenues</b>				<b>16,571,234</b>
<b>Change in Net Assets</b>				<b>(352,563)</b>
<b>Net Assets - July 1, 2011 as restated</b>				<b>12,795,655</b>
<b>Net Assets - June 30, 2012</b>				<b>\$ 12,443,092</b>

The accompanying notes are an integral part of this statement



**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2012**

	General	School Food Service	Special Education	Title I
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 8,063,355	\$ 26,452	\$ 48,974	\$ 63,846
Investments	220,275	-	-	-
Receivables				
Sales tax	543,354	-	-	-
Due from other governments	36,978	152,958	203,335	547,723
Other	-	1,381	-	-
Due from other funds	1,366,912	-	-	-
Prepaid expenses	36,966	-	-	-
Inventory	-	30,645	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 10,267,840</u></b>	<b><u>\$ 211,436</u></b>	<b><u>\$ 252,309</u></b>	<b><u>\$ 611,569</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 56,466
Salaries and benefits payable	671,618	-	-	-
Due to other funds	5,471	281,537	247,665	555,103
<b>TOTAL LIABILITIES</b>	<b><u>677,089</u></b>	<b><u>281,537</u></b>	<b><u>247,665</u></b>	<b><u>611,569</u></b>
Fund balances				
Nonspendable	36,966	30,645	-	-
Spendable.				
Restricted	-	-	4,644	-
Assigned	-	-	-	-
Unassigned	9,553,785	(100,746)	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>9,590,751</u></b>	<b><u>(70,101)</u></b>	<b><u>4,644</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 10,267,840</u></b>	<b><u>\$ 211,436</u></b>	<b><u>\$ 252,309</u></b>	<b><u>\$ 611,569</u></b>

The accompanying notes are an integral part of this statement.

<u>Capital Projects</u>	<u>Other Non-Major</u>	<u>Total</u>
\$ 2,892,041	\$ 49,733	\$ 11,144,401
-	-	220,275
-	-	543,354
-	269,129	1,210,123
-	-	1,381
-	-	1,366,912
-	-	36,966
-	-	30,645
<u>\$ 2,892,041</u>	<u>\$ 318,862</u>	<u>\$ 14,554,057</u>

\$ -	\$ -	\$ 56,466
-	-	671,618
-	277,136	1,366,912
-	277,136	2,094,996

-	-	67,611
-	41,726	46,370
2,892,041	-	2,892,041
-	-	9,453,039
<u>2,892,041</u>	<u>41,726</u>	<u>12,459,061</u>

<u>\$ 2,892,041</u>	<u>\$ 318,862</u>	<u>\$ 14,554,057</u>
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**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2012**

Total Fund Balances at June 30, 2012 - Governmental Funds	\$	12,459,061
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Amounts reported for governmental activities in the statement of net assets are different due to the following.

Cost of capital assets at June 30, 2012	\$	8,099,695	
Less: Accumulated Depreciation as of June 30, 2012		<u>(6,500,267)</u>	1,599,428

Long-term liabilities are not due and payable in the current period and therefore not reported in the governmental funds

Long-term liabilities at June 30, 2012			
Start-up loan		(110,897)	
Claims payable		(92,000)	
Compensated absences payable		(271,100)	
Net other post-employment benefit obligation	\$	<u>(1,141,400)</u>	<u>(1,615,397)</u>

Total net assets at June 30, 2012 - Governmental Activities	\$	<u>12,443,092</u>
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The accompanying notes are an integral part of this statement.

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	General	School Food Service	Special Education	Title I
<b><u>REVENUES</u></b>				
Local sources				
Ad valorem taxes	\$ 1,795,373	\$ -	\$ -	\$ -
Sales and use taxes	3,064,477	-	-	-
Transportation fees	87,287	-	-	-
Earnings on investments	13,403	-	-	-
Food sales	-	38,735	-	-
Other	355,699	200	23	288
State sources				
Minimum foundation program (MFP)	11,623,742	18,197	-	-
Restricted grants-in-aid	82,572	-	-	-
Other	62,528	16,118	-	-
Federal grants	-	783,167	593,480	1,129,450
<b>TOTAL REVENUES</b>	<b>17,085,081</b>	<b>856,417</b>	<b>593,503</b>	<b>1,129,738</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Instruction:				
Regular education programs	8,202,679	-	-	-
Special education programs	1,230,665	-	452,652	-
Other education programs	597,195	-	5,788	957,743
Support				
Pupil support services	842,455	-	-	-
Instructional staff services	842,571	-	132,302	130,083
General administration services	820,873	-	-	-
School administration services	1,224,846	-	-	-
Business and central services	795,688	-	-	-
Plant operation and maintenance	1,660,300	-	-	-
Transportation	728,109	-	464	10,854
Food services	16,153	1,148,708	-	-
Central services	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	4,769	-	-	-
Debt service - principal	36,966	-	-	-
Debt service - interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>17,003,269</b>	<b>1,148,708</b>	<b>591,206</b>	<b>1,098,680</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 81,812</b>	<b>\$ (292,291)</b>	<b>\$ 2,297</b>	<b>\$ 31,058</b>

<u>Capital Projects</u>	<u>Other Non-Major</u>	<u>Total</u>
\$ -	\$ -	\$ 1,795,373
-	-	3,064,477
-	-	87,287
-	-	13,403
-	-	38,735
-	-	356,210
-	-	-
-	-	11,641,939
-	145,158	227,730
-	-	78,646
-	717,990	3,224,087
-	863,148	20,527,887
-	374,403	8,577,082
-	596	1,683,913
-	280,491	1,841,217
-	69,793	912,248
-	121,589	1,226,545
-	-	820,873
-	-	1,224,846
-	-	795,688
-	-	1,660,300
-	-	739,427
-	-	1,164,861
-	-	-
-	-	-
523,354	-	528,123
-	-	36,966
-	-	-
<u>523,354</u>	<u>846,872</u>	<u>21,212,089</u>
\$ (523,354)	\$ 16,276	\$ (684,202)
		(continued)

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>School Food Service</u>	<u>Special Education</u>	<u>Title I</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Other	(22,915)	-	-	-
Transfers out	(44,882)	-	(1,870)	(35,793)
Transfers in	64,634	2,086	-	122,574
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>(3,163)</u>	<u>2,086</u>	<u>(1,870)</u>	<u>86,781</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u></b>	78,649	(290,205)	427	117,839
Fund balances, June 30, 2011	<u>9,512,102</u>	<u>220,104</u>	<u>4,217</u>	<u>(117,839)</u>
<b>FUND BALANCES, JUNE 30, 2012</b>	<u><u>\$ 9,590,751</u></u>	<u><u>\$ (70,101)</u></u>	<u><u>\$ 4,644</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement

<u>Capital Projects</u>	<u>Other Non-Major</u>	<u>Total</u>
-	-	(22,915)
-	(115,926)	(198,471)
<u>8,638</u>	<u>539</u>	<u>198,471</u>
<u>8,638</u>	<u>(115,387)</u>	<u>(22,915)</u>
(514,716)	(99,111)	(707,117)
<u>3,406,757</u>	<u>140,837</u>	<u>13,166,178</u>
<u>\$ 2,892,041</u>	<u>\$ 41,726</u>	<u>\$ 12,459,061</u> (concluded)

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS -**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds	\$ (707,117)
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Amounts reported for governmental activities in the statement of activities  
are different due to the following:

Governmental funds report capital outlays as expenditures  
However, in the statement of activities the cost of those assets  
is allocated over their estimated useful lives and reported as  
depreciation expense

Capital outlay and other expenditures capitalized	\$ 523,354	
Depreciation expense for year ended June 30, 2012	<u>(82,057)</u>	441,297

The issuance of long-term debt (e.g. bond, capital leases) provides current  
financial resources to governmental funds. In the statement of net assets,  
however, issuing debt increases long-term liabilities and does not affect  
the statement of activities.

Principal portion of debt service payments	36,966
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Expenses reported in the statement of activities do not require the  
use of current financial resources and therefore are not  
reported as expenditures in governmental funds.

Change in claims payable	158,000	
Change in post-employment benefit obligation	(466,659)	
Change in compensated absences payable	<u>\$ 184,950</u>	<u>(123,709)</u>

Change in Net Assets - Governmental Activities	<u><u>\$ (352,563)</u></u>
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The accompanying notes are an integral part of this statement



**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2012**

	<u>Agency Funds</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents - School Activity Accounts	<u>\$ 67,760</u>
<b>TOTAL ASSETS</b>	<u><u>67,760</u></u>
<b><u>LIABILITIES</u></b>	
Amounts held for others	<u>67,760</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 67,760</u></u>

The accompanying notes are an integral part of this statement

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the City of Baker School System (School System) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting

##### **A. REPORTING ENTITY**

The City of Baker School System was created by Louisiana Revised Statute LSA-R S 17:51 to provide public education within the boundaries of the City of Baker School System. The School System is authorized by LSA-R S 17:81 to establish policies and regulations for its own government consistent with the laws of the state of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School System is comprised of five members who are elected from five districts for terms of four years.

The School System operates five schools within the parish with a total enrollment of approximately 1,750 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School System provides transportation and school food services for the students.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School System is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the School System may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School System also has no *component units*, defined by GASB Statement 14 as other legally separate organizations for which the elected School System members are financially accountable. There are no other primary governments with which the School System has a significant relationship.

##### **B. BASIS OF PRESENTATION AND ACCOUNTING**

###### **Government-Wide Financial Statements (GWFS)**

The Government-Wide Financial Statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. Sales taxes are recognized when the underlying sales transactions occur and property taxes are recognized when a legally enforceable claim arises. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **B. BASIS OF PRESENTATION AND ACCOUNTING (continued)**

###### **Government-Wide Financial Statements (continued)**

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. This statement demonstrates the degree to which direct expenses of a given function are offset by program revenues. Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions; program revenues reduce the cost of the function to be financed from the School System's general revenues. Charges for services are primarily derived from cafeteria sales. Operating grants and contributions consist of the many educational grants received from the federal and state government.

The School System reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

###### **Fund Financial Statements (FFS)**

The accounts of the School System are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Funds are maintained consistent with legal and managerial requirements.

The funds of the School System are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follow:

###### **Governmental Funds**

Governmental Funds are used to account for the School System's activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of fixed assets, and the servicing of long-term debt. The School System reports the following major governmental funds:

**General Fund** is the primary operating fund of the School System. It accounts for all financial resources of the School System, except those required to be accounted for in another fund.

**School Food Service Fund** is used to account for activities of the School System's food service program.

**Special Education Fund** is used to account for amounts received under *The Individuals with Disabilities Education Act (IDEA)* which is a federally financed program providing free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **B. BASIS OF PRESENTATION AND ACCOUNTING (continued)**

###### **Governmental Funds (continued)**

**Title I Fund** is used to account for federal grants received under the umbrella of Title One as revised by the No Child Left Behind Act. The purpose of Title I is to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Services supplement, not supplant, those normally provided by state and local educational agencies..

**Capital Projects Fund** is used to account for various major capital improvements.

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School System considers all revenues available if they are collected within 6 months after year-end, or within 60 days after year-end for property taxes. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in current net assets. The governmental funds use the following practices in recording revenues and expenditures:

###### **Revenues**

**Ad valorem taxes** are recognized when a legally enforceable claim arises (generally when levied) and the resources are available.

**Sales and use taxes** are recognized when the underlying exchange transaction occurs and the resources are available.

**Entitlements and shared revenues** (which include the state Minimum Foundation Program revenue, state revenue sharing, and federal and state grants) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**Other receipts** become measurable and available when cash is received by the School System and are recognized as revenue at that time.

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **B. BASIS OF PRESENTATION AND ACCOUNTING (continued)**

###### **Expenditures**

**Salaries and benefits** are recorded as earned. Salaries for nine-month employees are accrued at June 30.

**Vendor payments** are recorded as the obligation is incurred.

**Other Financing Sources (Uses)** consist of transfers between funds that are not expected to be repaid, capital lease transactions, sales of fixed assets, debt extinguishments, and long-term debt proceeds, and are recognized at the time the underlying events occur.

###### **Fiduciary Funds**

**An Agency Fund** is a Fiduciary Fund which is custodial in nature (assets equal liabilities) and does not present results of operations or have a measurement focus. The agency fund consists of the school activity accounts which accounts for assets held by the School System as an agent for the individual schools and school organizations. Agency funds are accounted for on the accrual basis of accounting.

##### **C. CASH AND INVESTMENTS**

Cash consists of demand deposits. Time deposits and those investments with original maturities of 90 days or less are categorized as cash.

Under state law, the School System may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Investments are generally restricted to debt securities backed by the U.S. Government or its agencies.

##### **D. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables/payables on the governmental funds balance sheet. Short-term interfund loans are also classified as interfund receivables/payables.

##### **E. ELIMINATION AND RECLASSIFICATIONS**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **F. INVENTORY**

Inventory of the school food service special revenue fund consists of food purchased by the School System and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when consumed; however, all inventory items are recorded as expenditures when used. All purchased inventory items are valued at cost using first-in, first-out (FIFO) method, and commodities are assigned values based on information provided by the U. S. Department of Agriculture.

##### **G. CAPITAL ASSETS**

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School System maintains a \$5,000 threshold level for capitalizing assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. All depreciable capital assets are depreciated using the straight-line method over their estimated lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School System, no salvage value is taken into consideration for depreciation purposes. Useful lives are approximately 5 to 10 years for furniture and equipment; and 40 years for buildings and improvements.

##### **H. COMPENSATED ABSENCES**

All 12-month employees earn up to twenty days of vacation leave each year, depending on their length of service with the School System. Vacation leave can be accumulated up to 50 days. Upon separation, all unused vacation is paid to the employee.

All School System employees earn a certain amount of sick leave each year, depending upon the length of service and employment status. Sick leave can be accumulated without limitation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System, and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement computation as earned service.

The School System's recognition and measurement criteria for compensated absences follows:

GASB Statement 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **H. COMPENSATED ABSENCES (continued)**

GASB Statement 16 provides that a liability for sick leave should be accrued using one of the following termination approaches.

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The School System uses this approach.

##### **I. RESTRICTED NET ASSETS**

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

##### **J FUND BALANCE OF FUND FINANCIAL STATEMENTS**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

**Nonspendable** - represent balances that are not expected to be converted to cash.

##### **Spendable**

**Restricted** - represent balances where constraints have been established by parties outside of the School System or by enabling legislation.

**Committed** - represent balances where constraints have been established by formal action of the Board of the School System. A simple majority vote in a public meeting is required to establish, modify, or rescind a fund balance commitment.

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **J. FUND BALANCE OF FUND FINANCIAL STATEMENTS (continued)**

**Assigned** - represent balances where informal constraints have been established by the School System or committee or delegate thereof, but are not restricted nor committed.

**Unassigned** - represent balances for which there are no constraints.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, the School System reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the School System reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

##### **K. INTERFUND ACTIVITY**

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. (Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.) All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

##### **L. SALES AND USE TAXES**

The voters of the City of Baker School System authorized the School System to levy and collect a permanent sale and use tax for 2% of all taxable activity within the geographical confines of the school district. Revenues generated by the tax must be used to supplement other revenues available to the School System, to pay for salary and benefits of school personnel, and to maintain and operate the school system.

The receipt and expenditure of the sales and use taxes are included in the operations of the General Fund.



## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **M. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **2. AD VALOREM TAXES**

The School System levies taxes on real and business personal property located within the City of Baker's boundaries. Property taxes are levied by the School System on property values assessed by the East Baton Rouge Parish Tax Assessor, except for public utility property which is assessed by the Louisiana Tax Commission. Assessed values are approved by the Louisiana Tax Commission. The East Baton Rouge Parish Sheriff's Office bills and collects property taxes for the School System. Collections are remitted to the School System monthly.

Ad valorem taxes are assessed and levied on a calendar year basis by the East Baton Rouge Parish Assessor's Office, based on the assessed value on January 1 of the assessment year. However, before taxes can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are billed on November 30, and are due by December 31. An enforceable lien attaches on the property as of January 1. As of December 31, taxes become delinquent and interest and penalty accrue. Taxes are generally collected in January, February and March of the following fiscal year.

Total assessed value was \$48,902,393 in calendar year 2011. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$8,034,663 of the assessed value in calendar year 2011.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **2. AD VALOREM TAXES (continued)**

Property taxes are recorded in the general fund on the basis explained in Note 1. Revenues in such funds are recognized in the accounting period in which an enforceable legal claim arises to the extent available. All taxes are considered fully collectible; therefore, no allowance for uncollectible taxes is provided.

A summary of the various taxes levied for 2011 is as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
City-wide taxes			
Constitutional tax	5.00	5.00	N/A
Special school maintenance tax	38.20	38.20	12/31/2022

#### **3. DEPOSITS AND INVESTMENTS**

##### **Deposits**

The carrying amount of the School System's deposits with the financial institutions was \$11,212,161 and the bank balance was \$12,651,658 at June 30, 2012. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the School System's deposits may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The School System had no custodial credit risk as of June 30, 2012.

Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities and school districts.

##### **Investments**

The School System has investments in a local government investment pool that is administered by a non-profit corporation, LAMP, Inc. This corporation was organized under the laws of the State of Louisiana, and its purpose is to provide a safe environment for the placement of public fund in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S.33:2955. This design allows participants immediate access to their funds. The investments in LAMP are stated at fair value based on quoted market rates determined on a weekly basis. The balance of this account at June 30, 2012, was \$220,275.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- LAMP is rated AAAM by Standard & Poor's.
- LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

# **CITY OF BAKER SCHOOL SYSTEM**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

### **4 CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2012 is as follows:

	<u>Land</u>	<u>Work in Process</u>	<u>Buildings and Improvements</u>	<u>Furniture, Fixtures &amp; Equipment</u>	<u>Total</u>
<b><u>Cost:</u></b>					
at June 30, 2011	\$ 149,536	\$ -	\$ 7,703,224	\$ 3,183,005	\$ 11,035,765
Restatement	-	181,017	(893,518)	(2,746,923)	(3,459,424)
at June 30, 2011, restated	149,536	181,017	6,809,706	436,082	7,576,341
Additions	-	523,354	704,371	-	1,227,725
Deletions	-	(704,371)	-	-	(704,371)
at June 30, 2012	149,536	-	7,514,077	436,082	8,099,695
<b><u>Accumulated depreciation:</u></b>					
at June 30, 2011	\$ -	\$ -	\$ (6,744,738)	\$ (2,640,402)	\$ (9,385,140)
Restatement	-	-	727,158	2,239,772	2,966,930
at June 30, 2011 as restated	-	-	(6,017,580)	(400,630)	(6,418,210)
Additions	-	-	(73,689)	(8,368)	(82,057)
Deletions	-	-	-	-	-
at June 30, 2012	-	-	(6,091,269)	(408,998)	(6,500,267)
<b>Total</b>	<b>\$ 149,536</b>	<b>\$ -</b>	<b>\$ 1,422,808</b>	<b>\$ 27,084</b>	<b>\$ 1,599,428</b>

Depreciation expense of \$82,057 for the year ended June 30, 2012 was charged to the following governmental functions:

Regular education programs	\$ 3,476
Special education programs	682
Other education programs	746
Pupil support services	370
Instructional staff services	497
General administrative services	333
School administration services	496
Business and central services	322
Plant operation and maintenance	74,362
Transportation	300
Food services	473
	<u>\$ 82,057</u>

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **5. RETIREMENT SYSTEMS**

Substantially all employees of the School System are members of the Teachers' Retirement System of Louisiana (TRSL) or Louisiana School Employees Retirement System (LSERS). These systems are cost sharing, multiple-employer defined benefit plans administered by separate boards of trustees. Pertinent information relative to each plan follows.

Under the TRSL Regular Plan, there are two retirement formulas: the 2% formula and the 2.5% formula. Participants may retire under the 2% formula at age 60 with at least 10 years of service credit or at any age with 20 years of service credit. Under the 2.5% formula, participants may retire at age 65 with 20 years of service credit; at age 55 with 25 years of service credit; or at any age with 30 years of service credit. The retirement benefit formula is based on the average salary of the 36 highest consecutive months times the applicable retirement percentage formula.

Under the TRSL Plan A, normal retirement is generally at any age with 30 or more years credited service, and at the age of 55 with at least 25 years of credited service and at age 60 with at least 10 years of credited service. The retirement benefit formula is generally 3% times the average salary of the 36 highest successive months.

*Funding Policy:* As provided by statute, the School System contributes to the TRSL based upon a percentage of covered payroll. State statutes also require covered employees to contribute a percentage of their salaries to the system. The contribution rates in effect for the year ended June 30, 2012 were as follows:

	<u>School System</u>	<u>Employees</u>
Regular plan	23.70%	8.00%
Plan A	23.70%	9.10%

As further provided by the statute, employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School System's contributions to the TRSL plans for the year June 30, 2012 was \$2,510,091, equal to the statutorily required contributions in each year.

The TRSL issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Teachers' Retirement System, P. O. Box 94123, Baton Rouge, Louisiana 70804-9123 or by calling (225) 925-6446.

Employees participating in the LSERS are eligible for normal retirement after 30 years of service at any age, 25 years of service at age 55, or 10 years of service at age 60. The maximum retirement allowance is computed at 3.33% times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **5. RETIREMENT SYSTEMS (continued)**

*Funding Policy.* As provided by statute, the School System contributes to the LSERS based upon a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2012 were 28.6% and 8.0%, for the School System and existing employees, respectively. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by the statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School System's contributions to the LSERS plan for the year June 30, 2012, were \$183,637, equal to the statutorily required contributions in each year.

The LSERS issues an annual, public-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Louisiana School Employees' Retirement System, 8660 United Plaza Blvd, Baton Rouge, Louisiana 70809 or by calling (225) 925-6484.

#### **6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The School System provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School System's employees become eligible for these benefits if they reach normal retirement age while working for the School System. These benefits for retirees and similar benefits for active employees are provided through the State Employees' Group Benefits Program whose monthly premiums are paid jointly by the employee and the School System. The School System accounts for these benefits according to *GASB Statement No 45, Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other Than Pensions* (GASB 45)

**Plan Description.** The School System's medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and are made available to employees upon actual retirement.

The Louisiana Office of Group Benefits (OGB) involves several statewide networks and one HMO with a premium structure by region. The plan provisions are contained in the official plan documents of the OGB, available at [www.groupbenefits.org](http://www.groupbenefits.org) - "Quick Links" - "Health Plans". The OGB plan is a fully insured, multiple-employer arrangement and has been deemed to be an *agent multiple-employer plan* (within the meaning of paragraph 22 of GASB 45) for financial reporting purposes. The OGB "Medicare Advantage" plan (see rate exhibit in Appendix II) has been assumed as an alternative to those employees after Medicare eligibility for purposes of this valuation, and the School System has assumed that 12.5% of post-Medicare eligibility retirees elect that plan. Medical benefits are provided to employees upon actual retirement. Most employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service, or, age 65 and 20 years of service. The remainder of employees are covered by the Louisiana School Employees' Retirement System (LSER) whose retirement (D.R.O.P. entry) eligibility provisions are the same as TRSL except that they are also eligible to retire at age 60 and 10 years of service.

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **6. OTHER POST-EMPLOYMENT BENEFITS (continued)**

Life insurance coverage under the OGB program is available to retirees by election and the blended rate (active and retired) is \$0.96 per \$1,000 of insurance. The employer pays 50% of the "cost" of the retiree life insurance, but based on the blended rates. Since GASB 45 requires the use of "unblended" rates, the School System has used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Insurance coverage amounts are reduced at age 65 and again at age 70 according to the OGB plan provisions.

**Contribution Rates.** Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Funding Policy.** Until fiscal year ending June 30, 2008, the School System recognized the cost of providing post-employment medical and life benefits (the School System's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. While the cost of the benefits is now expensed over the term of employment, (as it is earned), the plan remains funded on a pay-as-you-go basis. During the fiscal year ended June 30, 2009, the School System implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other Than Pensions* (GASB 45), which requires the School System to recognize as an expense, the cost of the benefits as they are earned over the term of employment rather than when they became due and payable. The amount at which the expense is recognized is based upon an actuarially determined amount known as the Annual Required Contribution or ARC. The School System does not fund the ARC except to the extent of the current year's retiree premiums due.

For the fiscal year ending June 30, 2012, the School System's portion of health care and life insurance cost funded for retired employees totaled \$56,840. This amount was applied toward the Net OPEB Benefit Obligation.

**Annual Required Contribution.** The School System's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2011 is \$535,530, as set forth below:

Normal cost	\$ 287,211
30-year UAL amortization amount	248,319
Annual required contribution (ARC)	<u>\$ 535,530</u>

**CITY OF BAKER SCHOOL SYSTEM**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**6 OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Net Post-employment Benefit Obligation.** The table below shows the School System's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending June 30, 2012.

Beginning net OPEB obligation, July 1, 2011	\$ 674,741
Annual required contribution	535,530
Interest on net OPEB obligation	26,989
ARC adjustment	( 39,020)
OPEB cost	523,499
Contribution (current year retiree premium)	( 56,840)
Change in net OPEB obligation	<u>466,659</u>
Ending net OPEB obligation, June 30, 2012	<u>\$ 1,141,400</u>

The following table shows the School System's annual post employment benefits cost, percentage of the cost contributed, and the net post employment benefits obligation.

<u>Post Employment Benefit</u>	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
Medical & Life	June 30, 2012	\$ 523,499	10.86%	\$ 1,141,400
Medical & Life	June 30, 2011	354,760	4.82%	674,741
Medical & Life	June 30, 2010	354,157	4.82%	337,069

**Funded Status and Funding Progress.** As of July 1, 2011, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$4,293,957. Since the plan had no assets as of June 30, 2012, the entire actuarial accrued liability was unfunded as of that date.

Actuarial Accrued Liability (AAL)	\$ 4,293,957
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 4,293,957</u>
Funded Ratio (Act. Val. Assets/AAL)	0%
Covered Payroll (active plan members)	\$ 11,449,193
UAAL as a percentage of covered payroll	37.50%

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **6 OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Actuarial Methods and Assumptions.** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the School System and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the School System and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the School System and plan members in the future.

Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method.** The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**Actuarial Value of Plan Assets –** There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

**Turnover Rate –** An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%.

**Post employment Benefit Plan Eligibility Requirements.** It is assumed that entitlement to benefits will commence four years after earliest eligibility to enter the D.R.O.P. This consists of a three year D.R.O.P. period plus an additional one year delay. Medical benefits are provided to employees upon actual retirement. Most employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 10 years of service. The remainder of employees are covered by the Louisiana School Employees' Retirement System (LSER) whose retirement (D.R.O.P. entry) eligibility provisions are the same as TRSL except that they are also eligible to retire at age 60 and 10 years of service. Entitlement to benefits continue through Medicare to death.



## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **6. OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Investment Return Assumption (Discount Rate).** GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

**Health Care Cost Trend Rate.** The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2010 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Zero trend has been assumed for valuing life insurance.

**Mortality Rate.** The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

**Method of Determining Value of Benefits.** The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The "State Share" premiums in the OGB medical rate schedule provided are "unblended" rates for active and retired as required by GASB 45 and have been used for valuation purposes.

#### **7. AGENCY FUND DEPOSITS DUE OTHERS**

A summary of changes in school activities agency fund deposits due others for the year ended June 30, 2012 follows:

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
Agency Funds.				
School Activities Accounts	<u>\$ 49,651</u>	<u>\$ 121,749</u>	<u>(\$ 103,640)</u>	<u>\$ 67,760</u>

**CITY OF BAKER SCHOOL SYSTEM**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**8. LONG-TERM LIABILITIES**

The following is a summary of the changes in general long-term obligations for the year ended June 30, 2012:

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>	<u>Amount due in one year</u>
Start-Up Loan	\$ 147,863	\$ -	\$ (36,966)	\$ 110,897	\$ 36,966
Claims & Judgments	250,000	-	(158,000)	92,000	-
Net Postemployment Benefit Obligation	674,741	523,499	(56,840)	1,141,400	-
Compensated Absences	456,052	272,330	(457,282)	271,100	-
	<u>\$1,528,656</u>	<u>\$795,829</u>	<u>\$(709,088)</u>	<u>\$ 1,615,397</u>	<u>\$ 36,966</u>

The majority of the compensated absence liability is liquidated through the General Fund.

During the year ended June 30, 2000, in order to assist with start-up costs, the School System entered into an intergovernmental loan agreement with the State of Louisiana Department of Education authorized by the Louisiana Legislature in the 1999 Regular Session. The State loaned the City of Baker School System \$400,000 at a rate not to exceed 4%. Payments were deferred until July 1, 2003 with the payments commencing on August 1, 2013 and ending July 1, 2013. Per Senate Bill 363, Act 638, of the 2004 Regular Legislative Session the School System was released from the obligation to pay interest owed to the Department of Education. The Act further stated that the School System pay the remaining principal (\$369,657) in ten equal annual installments of \$36,966. The first annual installment was deferred until August 1, 2005 and the remaining nine equal installments were due by August 1<sup>st</sup> of each year thereafter. Principal payments are due as follows:

<u>Years Ending June 30</u>	<u>Principal</u>
2013	\$ 36,966
2014	36,966
2015	36,965
Total	<u>\$ 110,897</u>

In accordance with LSA-R.S. 39:562(L), the School System is legally restricted from incurring long-term bonded debt in excess of 35 percent of the assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2012, the statutory limit is \$17,115,838.

**CITY OF BAKER SCHOOL SYSTEM**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**9. INTERFUND TRANSACTIONS**

**Interfund receivable/payable**

<u>Interfund Receivable</u>		<u>Interfund Payable</u>	
General	\$ 1,366,912	General	\$ 5,471
School Food	-	School Food	281,537
Special Education	-	Special Education	247,665
Title I	-	Title I	555,103
Other governmental	-	Other governmental	277,136
	<u>\$ 1,366,912</u>		<u>\$ 1,366,912</u>

The primary purpose of interfund advances is to cover expenditures on cost reimbursement grant programs until reimbursements are received from the granting agencies.

**Transfers in/out:**

<u>Transfers In</u>		<u>Transfers Out</u>	
General	\$ 64,634	General	\$ 44,882
School Food	2,086	School Food	-
Special Education	-	Special Education	1,870
Title I	122,574	Title I	35,793
Capital Projects	8,638	Capital Projects	-
Other governmental	539	Other governmental	115,926
	<u>\$ 198,471</u>		<u>\$ 198,471</u>

The purpose of interfund transfers is to cover operating expenditures of the general fund through indirect cost recoveries charged to grant programs and to supplement the budgets of the special revenue funds.

**10. RISK MANAGEMENT**

The School System manages its exposure under general liability, fleet, workers' compensation, and errors and omissions through the purchase of commercial insurance.

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **11. LITIGATION AND CLAIMS**

**Litigation.** The School System is a defendant in several lawsuits. Management and legal counsel for the School System believe that the potential claims against the School System not covered by insurance would not materially affect the School System's financial position. An accrual of \$92,000 has been made within the statement of net assets to cover any potential exposure.

#### **12. OPERATING LEASES**

The School System leases school buses through various lease arrangements which qualify as operating leases. The pricing for the agreements are based on the quantity of buses needed. The lease payments are to be made on a monthly basis. The leases range from a period of one year to five years.

Management has estimated that the minimum future lease payments under non-cancellable lease agreements in effect at June 30, 2012 are as follows:

<u>Year ending</u> <u>June 30, _____</u>	<u>Amount</u>
2013	\$ 130,700
2014	21,833
2015	16,500
2016	16,500
	<u>\$ 185,533</u>

Lease payments made during June 30, 2012 totaled approximately \$137,000 for the school bus lease arrangement.

#### **13. RESTATEMENT OF PRIOR YEAR NET ASSETS**

Net assets of the School System were restated for June 30, 2011 for the following.

- The schedule of capital assets included items below the capitalization threshold of \$5,000.
- The government-wide financial statements did not include the System's start-up loan from the Louisiana Department of Education issued on December 9, 1999.

The net effect to the Statement of Net Assets for the prior period is as follows:

Net assets, June 30, 2011, as previously reported	\$ 13,436,012
Adjustment for capital assets	(492,494)
Adjustment for start-up loan	<u>(147,863)</u>
Net assets, June 30, 2011, as restated	<u>\$ 12,795,655</u>

## **CITY OF BAKER SCHOOL SYSTEM**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **14. DEFICIT FUND BALANCE**

A deficit fund balance of \$70,101 exists in the School Food Service Fund. Management is aware of this fund's financial condition and is developing plans to correct this situation through future budget adjustments.

#### **15. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 19, 2012, and determined that no events occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**City of Baker School System**

**Baker, Louisiana**

**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>				
Local sources				
Ad valorem taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,795,373	\$ (4,627)
Sales and use taxes	2,978,100	2,978,100	3,064,477	86,377
Transportation fees	-	-	87,287	87,287
Earnings on investments	15,000	15,000	13,403	(1,597)
Other	18,000	18,000	355,699	337,699
State sources				
Minimum foundation program (MFP)	11,995,946	11,995,946	11,623,742	(372,204)
Restricted grants-in-aid	57,000	57,000	82,572	25,572
Other	-	-	62,528	62,528
Federal grants	65,000	65,000	-	(65,000)
Total revenues	<u>16,929,046</u>	<u>16,929,046</u>	<u>17,085,081</u>	<u>156,035</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction				
Regular education programs	8,386,059	8,386,059	8,202,679	183,380
Special education programs	1,605,273	1,605,273	1,230,665	374,608
Other education programs	1,047,591	1,047,591	597,195	450,396
Support services				
Pupil support services	882,384	882,384	842,455	39,929
Instructional staff services	910,261	910,261	842,571	67,690
General administration services	882,050	882,050	820,873	61,177
School administration services	1,380,640	1,380,640	1,224,846	155,794
Business administration and central services	628,005	628,005	795,688	(167,683)
Plant operation and maintenance	1,563,905	1,563,905	1,660,300	(96,395)
Transportation	738,751	738,751	728,109	10,642
Food service	-	-	16,153	(16,153)
Facilities acquisition and construction	-	-	4,769	(4,769)
Debt Service - Principal	36,966	36,966	36,966	-
Debt Service - Interest	-	-	-	-
Total expenditures	<u>18,061,885</u>	<u>18,061,885</u>	<u>17,003,269</u>	<u>1,058,616</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(1,132,839)</u>	\$ <u>(1,132,839)</u>	\$ <u>81,812</u>	\$ <u>1,214,651</u> (continued)

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<b><u>Other financing sources (uses):</u></b>				
Other	\$ -	\$ -	\$ (22,915)	\$ (22,915)
Operating transfers in	-	-	64,634	64,634
Operating transfers out	-	-	(44,882)	(44,882)
Total other financing sources (uses)	-	-	(3,163)	(3,163)
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	(1,132,839)	(1,132,839)	78,649	1,211,488
Fund balances, June 30, 2011	8,111,323	8,111,323	9,512,102	1,400,779
FUND BALANCES, JUNE 30, 2012	<u>\$ 6,978,484</u>	<u>\$ 6,978,484</u>	<u>\$ 9,590,751</u>	<u>\$ 2,612,267</u> (concluded)



**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**  
**SCHOOL FOOD**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	School Food			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<b><u>Revenues:</u></b>				
Local sources:				
Food sales	\$ 65,000	\$ 65,000	\$ 38,735	\$ (26,265)
Other	-	-	200	200
State sources				
Mimumum foundation program (MFP)	20,499	20,499	18,197	(2,302)
Other	-	-	16,118	16,118
Federal grants	875,350	875,350	783,167	(92,183)
Total revenues	<u>960,849</u>	<u>960,849</u>	<u>856,417</u>	<u>(104,432)</u>
<b><u>Expenditures:</u></b>				
Current				
Support services:				
Food service	960,849	960,849	1,148,708	(187,859)
Total expenditures	<u>960,849</u>	<u>960,849</u>	<u>1,148,708</u>	<u>(187,859)</u>
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ (292,291)	\$ (292,291)
				(continued)
<b><u>Other financing sources (uses):</u></b>				
Operating transfers in	\$ -	\$ -	\$ 2,086	\$ 2,086
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,086</u>	<u>2,086</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	(290,205)	(290,205)
Fund balances, June 30, 2011	<u>40,121</u>	<u>40,121</u>	<u>220,104</u>	<u>179,983</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 40,121</u>	<u>\$ 40,121</u>	<u>\$ (70,101)</u>	<u>\$ (110,222)</u>
				(concluded)

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**SPECIAL EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Special Education			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>				
Local sources:				
Other	\$ -	\$ -	\$ 23	\$ 23
Federal grants	443,583	443,583	593,480	149,897
Total revenues	<u>443,583</u>	<u>443,583</u>	<u>593,503</u>	<u>149,920</u>
<b><u>Expenditures:</u></b>				
Current				
Instruction				
Special education programs	253,108	253,208	452,652	(199,444)
Other education programs	-	-	5,788	(5,788)
Support services				
Pupil support services	36,376	36,376	-	36,376
Instructional staff services	148,543	148,543	132,302	16,241
Transportation	4,456	4,456	464	3,992
Total expenditures	<u>442,483</u>	<u>442,583</u>	<u>591,206</u>	<u>(148,623)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>1,100</u>	\$ <u>1,000</u>	\$ <u>2,297</u>	\$ <u>1,297</u> (continued)
<b><u>Other financing sources (uses):</u></b>				
Operating transfers out	\$ <u>(1,100)</u>	\$ <u>(1,000)</u>	\$ <u>(1,870)</u>	\$ <u>(870)</u>
Total other financing sources (uses)	<u>(1,100)</u>	<u>(1,000)</u>	<u>(1,870)</u>	<u>(870)</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	427	427
Fund balances, June 30, 2011	<u>-</u>	<u>-</u>	<u>4,217</u>	<u>4,217</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,644</u>	<u>\$ 4,644</u> (concluded)

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**TITLE I**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Title I			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>				
Local sources.				
Other	\$ -	\$ -	\$ 288	\$ 288
Federal grants	987,062	1,126,973	1,129,450	2,477
Total revenues	<u>987,062</u>	<u>1,126,973</u>	<u>1,129,738</u>	<u>2,765</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction				
Other education programs	694,001	931,247	957,743	(26,496)
Support services				
Instructional staff services	217,150	-	130,083	(130,083)
Transportation	43,361	10,484	10,854	(370)
Food service	-	147,000	-	147,000
Total expenditures	<u>954,512</u>	<u>1,088,731</u>	<u>1,098,680</u>	<u>(9,949)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>32,550</u>	\$ <u>38,242</u>	\$ <u>31,058</u>	\$ <u>(7,184)</u>
				(continued)
<b><u>Other financing sources (uses):</u></b>				
Operating transfers in	\$ -	\$ -	\$ 122,574	\$ 122,574
Operating transfers out	<u>(32,550)</u>	<u>(38,242)</u>	<u>(35,793)</u>	<u>2,449</u>
Total other financing sources (uses)	<u>(32,550)</u>	<u>(38,242)</u>	<u>86,781</u>	<u>125,023</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	117,839	117,839
Fund balances, June 30, 2011	<u>-</u>	<u>-</u>	<u>(117,839)</u>	<u>(117,839)</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
				(concluded)

**CITY OF BAKER SCHOOL SYSTEM**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**BUDGETS**

**General Budget Practices** The School System follows these procedures in establishing the budgetary data reflected in the financial statements.

State statute requires budgets to be adopted for the general fund and all special revenue funds.

Each year prior to September, the Superintendent submits to the System proposed annual budgets for the general fund and special revenue funds. Public hearings are conducted, prior to the System's approval, to obtain taxpayer comments. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year-end.

Formal Budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements consist of those presented in the original budget adopted by the System and as amended by the System.

**Encumbrances.** Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

**Budget Basis of Accounting.** All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted or amended by the System. Legally, the System must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the System to amend its budget when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School System approves budgets at the function level and management can transfer amounts between line items within a function.

Actual School Food Fund, Special Education Fund, and Title I Fund expenditures exceeded fund appropriations by approximately \$188,000, \$149,000, and \$10,000 respectively.

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**OTHER POST EMPLOYMENT BENEFITS PLAN**  
**RETIREE HEALTH AND LIFE INSURANCE PROGRAMS**  
**YEAR ENDED JUNE 30, 2012**

**SCHEDULE OF FUNDING PROGRESS**

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
06/30/12	07/01/11	\$ -	\$ 4,293,957	\$4,293,957	0.00%	\$ 11,449,193	37.50%
06/30/11	07/01/10	-	2,583,148	2,583,148	0.00%	12,290,472	21.02%
06/30/10	07/01/09	-	2,583,148	2,583,148	0.00%	12,290,472	21.02%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Increase (Decrease) to Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
06/30/12	\$ 523,499	\$ 56,840	10.86%	\$ 466,659	\$ 1,141,400
06/30/11	354,760	17,088	4.82%	337,672	674,741
06/30/10	354,157	17,088	4.82%	337,069	337,069

**CITY OF BAKER SCHOOL SYSTEM**

**SUPPLEMENTAL INFORMATION**

**COMBINING NON-MAJOR GOVERNMENTAL FUND STATEMENTS**

## **CITY OF BAKER SCHOOL SYSTEM**

### **NON-MAJOR GOVERNMENTAL FUNDS DESCRIPTIONS**

**Vocational Education** This fund accounts for a federal grant, the goal of which is to provide salaries, supplies, and equipment to be used in vocational education programs.

**Education Jobs** This fund accounts for a federal grant, the goal of which is to support and restore funding for elementary, secondary, and postsecondary education

**Enhancing Education Through Technology (EETT)** This fund accounts for a federal grant, the goal of which is to provide educational enhancement through the use of technology

**Title II** This fund accounts for the federal grants which combine the Eisenhower Professional Development State Grants and Class-Size Reduction programs into one program that focuses on preparing, training and recruiting high-quality teachers.

**Title IV** This fund accounts for a federal grant, the goal of which is to provide drug abuse and prevention education for all students.

**Title V** This fund accounts for a federal grant, the goal of which is improve student academic achievement and the quality of education for all students.

**Louisiana Pre-K 4** This fund accounts for a grant, the goal of which is to promote the school readiness of low-income preschool children by enhancing their cognitive social and emotional development in learning environments.

**Hurricane Educator Assistance Program (HEAP)** This fund accounts for a federal grant, the goal of which is to help recruit, retain, and compensate educators who commit to work for at least three years in an area in which a major disaster area was declared as a result of Hurricane Katrina or Hurricane Rita.

**State Grants** Used to account for special non-federal grants received from various departments of the State of Louisiana.

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	Vocational Education	Education Jobs	EETT	Title II
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ -	\$ -	\$ 1,370	\$ 17,770
Receivables:				
Due from other governments	8,898	98,944	-	69,141
<b>TOTAL ASSETS</b>	<b>\$ 8,898</b>	<b>\$ 98,944</b>	<b>\$ 1,370</b>	<b>\$ 86,911</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Due to other funds	\$ 8,898	\$ 98,944	\$ -	\$ 69,141
<b>TOTAL LIABILITIES</b>	<b>8,898</b>	<b>98,944</b>	<b>-</b>	<b>69,141</b>
Fund balances				
Nonspendable	-	-	-	-
Spendable				
Restricted	-	-	1,370	17,770
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>1,370</b>	<b>17,770</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,898</b>	<b>\$ 98,944</b>	<b>\$ 1,370</b>	<b>\$ 86,911</b>



<u>Title IV</u>	<u>Title V</u>	<u>Louisiana PreK - 4</u>	<u>HEAP</u>	<u>State Grants</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 30,593	\$ 49,733
-	-	49,608	24,127	18,411	269,129
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,608</u>	<u>\$ 24,127</u>	<u>\$ 49,004</u>	<u>\$ 318,862</u>
\$ -	\$ -	\$ 49,608	\$ 24,127	\$ 26,418	\$ 277,136
-	-	49,608	24,127	26,418	277,136
-	-	-	-	-	-
-	-	-	-	22,586	41,726
-	-	-	-	-	-
-	-	-	-	22,586	41,726
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,608</u>	<u>\$ 24,127</u>	<u>\$ 49,004</u>	<u>\$ 318,862</u>

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR FUNDS**  
**FISCAL YEAR ENDED JUNE 30, 2012**

	Vocational Education	Education Jobs	EETT	Title II
<b><u>REVENUES</u></b>				
State sources:				
Restricted grants-in-aid	\$ -	\$ -	\$ -	\$ -
Federal grants	23,213	300,064	6,186	199,500
<b>TOTAL REVENUES</b>	<b>23,213</b>	<b>300,064</b>	<b>6,186</b>	<b>199,500</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Instruction:				
Regular education programs	-	237,152	4,816	-
Special education programs	-	-	-	-
Other education programs	23,308	-	-	80,067
Support:				
Pupil support services	1,756	62,912	-	-
Instructional staff services	-	-	-	115,154
<b>TOTAL EXPENDITURES</b>	<b>25,064</b>	<b>300,064</b>	<b>4,816</b>	<b>195,221</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,851)</b>	<b>-</b>	<b>1,370</b>	<b>4,279</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	539	-	-	-
Transfers out	-	-	-	(25,454)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>539</b>	<b>-</b>	<b>-</b>	<b>(25,454)</b>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</u></b>	<b>(1,312)</b>	<b>-</b>	<b>1,370</b>	<b>(21,175)</b>
Fund balances, June 30, 2011	1,312	-	-	38,945
<b>FUND BALANCES, JUNE 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,370</b>	<b>\$ 17,770</b>

<u>Title IV</u>	<u>Title V</u>	<u>Louisiana PreK - 4</u>	<u>HEAP</u>	<u>State Grants</u>	<u>Total</u>
\$ -	\$ -	\$ 10,148	\$ -	\$ 135,010	\$ 145,158
-	-	164,900	24,127	-	717,990
-	-	175,048	24,127	135,010	863,148
-	-	-	24,127	108,308	374,403
-	-	-	-	596	596
-	-	175,047	-	2,069	280,491
-	-	-	-	5,125	69,793
-	-	-	-	6,435	121,589
-	-	175,047	24,127	122,533	846,872
-	-	1 00	-	12,477	16,276
-	-	-	-	-	539
(1,772)	(64)	(88,636)	-	-	(115,926)
(1,772)	(64)	(88,636)	-	-	(115,387)
(1,772)	(64)	(88,635)	-	12,477	(99,111)
1,772	64	88,635	-	10,109	140,837
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,586</u>	<u>\$ 41,726</u>

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**

**FOR THE YEAR ENDED JUNE 30, 2012**

Doris Alexander	\$ 6,000
Shona Boxie	6,000
Dana Carpenter	6,600
Elaine Davis	6,600
Troy Watson	<u>6,000</u>
	<u>\$ 31,200</u>

**REPORTS ON COMPLIANCE AND**  
**INTERNAL CONTROL**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING  
STANDARDS**

To the Members of the  
City of Baker School System  
Baker, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Baker School System (the School System) as of and for the year ended June 30, 2012, which collectively comprise the School System's basic financial statements and have issued our report thereon dated December 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the School System is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-1 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-3 and 2012-4 to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-2.

We noted certain matters that we reported to management of the School System in a separate letter dated December 19, 2012.

The School System's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School System's response and, accordingly, we express no opinion on the response.

This report is intended for the information of City of Baker School System, management, federal and state awarding agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite + Netterville*

Baton Rouge, Louisiana  
December 19, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON COMPLIANCE ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

To the Members of the  
City of Baker School System  
Baker, Louisiana

**Compliance**

We have audited the compliance of the City of Baker School System (the School System) with the types of compliance requirements described in the *U S Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The School System's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the School System's management. Our responsibility is to express an opinion on the School System's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School System's compliance with those requirements.

In our opinion, the School System complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-3.

**Internal Control Over Compliance**

Management of the School System is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School System's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.



***A material weakness in internal control over compliance*** is a deficiency or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-3 and 2012-4.

***A significant deficiency in internal control over compliance*** is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School System's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School System's response and, accordingly, we express no opinion on the response.

#### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School System as of and for the year ended June 30, 2012, and have issued our report thereon dated December 19, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School System's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the School System's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the School System's compliance but not to provide an opinion on the effectiveness of the School System's internal control over compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the School System's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

*Patricia Waite + Netterville*

Baton Rouge, Louisiana  
December 19, 2012

**CITY OF BAKER SCHOOL SYSTEM****Baker, Louisiana****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Grant Year</u>	<u>Grantor Project Number</u>	<u>CFDA Number</u>	<u>Expenditures 2012</u>
<b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>				
Pass-through program from Louisiana Department of Agriculture and Forestry				
Food Distribution - Commodities	11-12		10 555 <sup>4</sup>	\$ 78,883
Pass-through program from Louisiana Department of Education				
School Lunch Program	11-12		10.555 <sup>4</sup>	766,290
School Breakfast Program	11-12		10.553 <sup>4</sup>	281,724
Summer Feeding	11-12		10.559 <sup>4</sup>	21,811
				<u>1,148,708</u>
<b><u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
Pass-through program from Louisiana Department of Education				
LA - 4 Federal TANF	11-12	28-12-36-68	93 558	175,047
				<u>175,047</u>
<b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>				
Passed through Louisiana Department of Education.				
Title I - ARRA	09-12	28-09-A1-68	84.389A <sup>1</sup>	103,956
Title I Regular Project	11-12	28-12-T1-68	84 010A <sup>1</sup>	879,013
Title I School Improvement TA	11-12	21-11-TA-68	84 010A <sup>1</sup>	115,621
Special Education Regular Project	11-12	28-12-B1-68	84 027A <sup>2</sup>	518,168
Special Education Regular Project - ARRA	09-12	28-09-A1-68	84.391A <sup>2</sup>	43,850
Special Education Preschool Project	11-12	28-12-P1-68	84 173A <sup>2</sup>	5,788
Capacity Building - Students with Disabilities	11-13	28-12-C1-68	84 027A <sup>2</sup>	23,400
Vocational Education - Carl Perkins	11-12	28-12-02-68	84 048A	25,064
Technology Improvement Grant Extended	09-10	28-10-49-68	84 318X <sup>3</sup>	4,816
High Tech - Title II D - ARRA	09-12	28-09-59-68	84.386A <sup>3</sup>	10,044
Education Jobs Fund - EduJobs ARRA	11-12	28-11-EK-39	84 410A	300,064
Title II Regular Project	11-12	28-12-50-68	84 367A	185,177
Hurricane Educator Assistance Program (HEAP)	07-14	28-08-HE-68	84 938K	24,127
				<u>2,239,088</u>
Total Expenditures of Federal Awards				<u>\$ 3,562,843</u>

<sup>1</sup> Title I Part A Cluster<sup>2</sup> Special Education Cluster<sup>3</sup> Education Technology Cluster<sup>4</sup> Child Nutrition Cluster

See the accompanying notes to the schedule of expenditures of federal awards

**CITY OF BAKER SCHOOL SYSTEM**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Baker School System and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B – FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2012, the organization had food commodities totaling \$16,117 in inventory. Commodities received and used during the period ended June 30, 2012 totaled \$78,883.

**NOTE C – RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS**

Reconciliation of the Schedule of Expenditures of Federal Awards (SEFA) to the Financial Statements:

Total Federal Revenues	\$ 3,224,087
Expenditures and indirect cost transfers in excess of revenues:	
School Food Service	290,205
Title I	31,058
Non-major funds	<u>17,493</u>
Total Federal Expenditures - SEFA	<u>\$ 3,562,843</u>

**CITY OF BAKER SCHOOL SYSTEM**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☒ yes ☐ no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

☒ yes ☐ no

Identification of major programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

10.555, 10.553, 10.559  
84.027A, 84.173A, 84.391A  
84.010A, 84.389A  
84.410A

Child Nutrition Cluster  
Special Education (IDEA Part B) Cluster  
Title I Cluster  
Education Jobs

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$300,000.
- The City of Baker School System does not qualify as a low-risk auditee.

**CITY OF BAKER SCHOOL SYSTEM**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**B. Findings – Financial Statement Audit**

**2012-1 Reconciliation of Fixed Assets**

Criteria LA Revised Statute 24:545(B)(1) requires governments to “maintain records of all lands, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable.” Internal control over financial reporting should include policies and procedures that ensure that controls over fixed assets records provide for these records to be reconciled on a regular basis to ensure the accuracy of current fixed asset costs, current depreciation expense, and to prevent the need for major adjustments to the property accounts at the end of each year.

Condition: Total fixed assets records are not reconciled to the amount reported on the financial statements on a regular basis.

Cause: As a result of budget cuts and cost constraints at the School System, they are not able to hire an individual that can dedicate the time necessary to maintain fixed asset records on a regular basis.

Effect: The School System has a material weakness in their internal control over financial reporting.

Recommendation: The School System should take a more proactive approach to reconciling fixed assets on a regular basis to avoid having major adjustments to the property accounts at the time of the annual audit.

View of Responsible Official and Planned Corrective Action. *Management concurs with this finding Fixed assets reports and activity will be reconciled on a monthly basis*

**2012-2 Louisiana Local Government Budget Act**

Criteria: LA Revised Statute 39:1310 requires governments to amend general and special revenue fund budgets when actual expenditures plus expected expenditures exceed budgeted amounts by 5% or more or when actual revenues plus expected revenues will fall short of budgeted amounts by 5% or more.

Condition: The School System’s School Food actual revenues, in total, fell short of budgeted amounts by 11% and expenditures, in total, exceeded budgeted amounts by 20%.

**CITY OF BAKER SCHOOL SYSTEM**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**2012-2 Louisiana Local Government Budget Act (continued)**

**Cause:** The School System did not monitor budget to actual expenses on a regular basis for the School Food Program thus preventing them from catching significant differences between actual expenditures and revenues than those that were budgeted.

**Effect:** The School System is in violation of LA Revised Statute 39:1310. Additionally, the budget variances have contributed to a deficit fund balance.

**Recommendation:** We recommend that all funds adhere to the adopted budget and monitor compliance. When it becomes apparent that expenditures exceed the budget by 5% or more, or when revenues fall short by 5% or more, the budget should be brought before the Board for amendment.

**View of Responsible Official  
and Planned Corrective Action:**

*Management concurs with this finding. Management will review budgets and activities monthly and amend budget if necessary according to LA Revised Statute 39:1310.*

**C. Findings and Questioned Costs – Major Federal Award Programs**

**2012-3 Title I (CFDA # 84.010A, 84.389A)**

**Cash Management**

**Criteria:** OMB Circular A-110, section 215.22 requires governments to request reimbursement of federal grant award dollars for expenditures after they have been purchased through the general fund.

**Condition:** The School System requested reimbursement for Title I expenditures amounting to approximately \$49,000 that had been coded incorrectly as Title I expenditures.

**Questioned Costs:** \$49,126.

**Cause:** The School System does not adequately monitor the coding of expenditures between federal funds to ensure that they are accurate and complete.

**Effect:** The School System is in violation of OMB Circular A-110, section 215.22.

**CITY OF BAKER SCHOOL SYSTEM**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**C. Findings and Questioned Costs – Major Federal Award Programs (continued)**

**2012-3 Title I (CFDA # 84.010A, 84.389A) (continued)**

**Cash Management (continued)**

**Recommendation:** We recommend that the School System monitor the coding of federal expenditures to ensure accuracy and completeness before submitting reimbursement requests.

**View of Responsible Official and Planned Corrective Action:** *Management concurs with this finding Procedures have been developed to insure that expenditures are coded accurately and reconciled to general ledger prior to submitting requests*

**2012-4 Hurricane Educator Assistance Program (CFDA # 84.938K)**

**Schedule of Federal Awards**

**Criteria:** OMB Circular A-133, section .300 requires governments to identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

**Condition:** The School System miscoded one federal revenue source as state funding, and two state revenue sources as federal funding.

**Cause:** The School System miscoded the receipt of funding as local, state or federal and a review process does not exist to adequately detect such miscodings.

**Questioned Costs:** None.

**Effect:** The School System is in violation of OMB Circular A-133, section .300.

**Recommendation:** We recommend that the School System monitor the coding of funding received.

**View of Responsible Official and Planned Corrective Action:** *Management concurs with this finding Staff will identify the type of federal or state awards and code accordingly*

**CITY OF BAKER SCHOOL SYSTEM**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

- **None noted**



**Independent Accountants' Report  
On Applying Agreed-Upon Procedures**

To the Members of the  
City of Baker School System

Page 1 of 4

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of City of Baker School System and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of City of Baker School System and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of performance and statistical data are as follows:

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)**

**Procedure #1:**

We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

**Results of procedure #1**

In performing the testing on the sample of expenditures/revenues, we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

**Education Levels of Public School Staff (Schedule 2)**

**Procedure #2**

We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1<sup>st</sup>.

**Results of Procedure #2:**

No differences were noted between the number of full-time classroom teachers per schedule 4 and schedule 2, nor between the schedules and the October 1<sup>st</sup> payroll records.

**Procedure #3**

We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule and to school board supporting payroll records as of October 1<sup>st</sup>.

**Results of Procedure #3**

No differences were noted between the number of principals and assistant principals per schedule 4 and schedule 2, nor between the schedules and the October 1<sup>st</sup> payroll records

**Procedure #4**

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1<sup>st</sup> and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

**Results of Procedure #4.**

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule.

**Number and Type of Public Schools (Schedule 3)**

**Procedure #5**

We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I CFDA 84.010 application

**Results of Procedure #5.**

We noted no discrepancies between the schools as listed in the Title I application and the list supporting the schools represented in the schedule.

**Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule 4)**

**Procedure #6**

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1<sup>st</sup> and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

**Results of Procedure #6**

In our sample of 25 employees, the experience levels of the principals and assistant principals on the aforementioned listing agreed to the schedule.

**Public Staff Data: Average Salaries (Schedule 5)**

**Procedure #7**

We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule

**Results of Procedure #7.**

In our sample of 25, we noted reasonableness between the level of compensation that would be appropriate for the education and experience level per the district wide salary schedule and the amount actually paid per the aforementioned listing. Note that reasonableness is considered because the actual pay that was used in the computation of the average and the annual salary the salary schedule may be different due to docs in pay or other factors

**Procedure #8**

We recalculated the average salaries and full-time equivalents reported in the schedule.

**Results of Procedure #8**

We noted no differences in the averages reported on the schedule and our calculations.

**Class Size Characteristics (Schedule 6)**

**Procedure #9**

We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1<sup>st</sup> roll books for those classes and determined if the class was properly classified on the schedule.

Results of Procedure #9

In our sample of 10 classes, no discrepancies were noted.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

Procedure #10

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the City of Baker School System.

Results of Procedure #10:

No differences were noted

The Graduation Exit Exam for the 21st Century (Schedule 8)

Procedure #11

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the City of Baker School System.

Results of Procedure #11

No differences were noted

The Iowa Tests (Schedule 9)

Procedure #12

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the City of Baker School System.

Results of Procedure #12

No differences were noted.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of City of Baker School System, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite + Nettenville*

December 19, 2012

**CITY OF BAKER SCHOOL SYSTEM**  
**BAKER, LOUISIANA**

**Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)**

**As of and for the Year Ended June 30, 2012**

**Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

**Schedule 2 - Education Levels of Public School Staff**

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Master's; Master's +30, Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 3 - Number and Type of Public Schools**

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial Statistical Report (AFSR).

**Schedule 4 - Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers**

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 5 - Public School Staff Data: Average Salaries**

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 6 - Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the legislature in the Annual School Report (ASR).

**Schedule 7 - Louisiana Educational Assessment Program (LEAP)**

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**Schedule 8 - The Graduation Exit Exam**

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**Schedule 9 - The ILEAP Tests**

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7, and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

**CITY OF BAKER SCHOOL SYSTEM**  
**PERFORMANCE AND STATISTICAL DATA**

**City of Baker School System**

**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2012**

**Schedule 1**

**General Fund Instructional and Equipment Expenditures**

**General Fund Instructional Expenditures**

**Teacher and Student Interaction Activities**

Classroom Teacher Salaries	\$ 8,241,286	
Other Instructional Staff Activities	592,288	
Instructional Staff Employee Benefits	2,477,272	
Purchased Professional and Technical Services	81,909	
Instructional Materials and Supplies	627,279	
Instructional Equipment	10,495	
<b>Total Teacher and Student Interaction Activities</b>		<b>10,030,539</b>

Other Instructional Activities 14,821

Pupil Support Activities 842,455  
Less Equipment for Pupil Support Activities -  
Net Pupil Support Activities 842,455

Instructional Staff Services 842,571  
Less Equipment for Instructional Staff Services -  
Net Instructional Staff Services 842,571

School Administration 1,224,848  
Less Equipment for School Administration -  
Net School Administration 1,224,848

**Total General Fund Instructional Expenditures \$ 12,955,232**

**Total General Fund Equipment Expenditures \$ 4,769**

**Certain Local Revenue Sources**

**Local Taxation Revenue**

Constitutional Ad Valorem Taxes	208,228	
Renewable Ad Valorem Tax	1,587,145	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	40,552	
Sales and Use Taxes	3,023,925	
<b>Total Local Taxation Revenue</b>		<b>\$ 4,859,850</b>

**Local Earnings on Investment in Real Property**

Earnings from 16th Section Property	-	
Earnings from Other Real Property	13,403	
<b>Total Local Earnings on Investment in Real Property</b>		<b>\$ 13,403</b>

**State Revenue in Lieu of Taxes**

Revenue Sharing - Constitutional Tax	45,224	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
<b>Total State Revenue in Lieu of Taxes</b>		<b>\$ 45,224</b>

Nonpublic Textbook Revenue 8,046

Nonpublic Transportation Revenue -  
**Total State Revenue for Non-public Education \$ 6,046**



**City of Baker School System  
Education Levels of Public School Staff  
As of October 1, 2011**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	2	1%	0	0 00%	0	0%	0	0 00%
Bachelor's Degree	117	67%	0	0 00%	1	9%	0	0 00%
Master's Degree	31	18%	0	0 00%	9	82%	0	0 00%
Master's Degree + 30	22	12%	0	0 00%	0	0%	0	0 00%
Specialist in Education	1	1%	0	0 00%	0	0%	0	0 00%
Ph. D. or Ed. D.	2	1%	0	0 00%	1	9%	0	0 00%
<b>Total</b>	<b>175</b>	<b>100%</b>	<b>0</b>	<b>0 00%</b>	<b>11</b>	<b>100%</b>	<b>0 0</b>	<b>0 00%</b>

**City of Baker School System****Number and Type of Public Schools  
For the Year Ended June 30, 2012**

<b>Type</b>	<b>Number</b>
Elementary	3
Middle/Jr High	1
Secondary	1
Combination	0
<b>Total</b>	<b>5</b>

## City of Baker School System

Experience of Public Principals and Full-time Classroom Teachers  
As of June 30, 2012

	0-1 Yr	2-3 Yrs	4-10 Yrs	11-14 Yrs	15-19 Yrs	20-24 Yrs	25+ Yrs.	Total
Assistant Principals	0	0	2	1	0	0	0	3
Principals	1	0	3	1	1	1	1	8
Classroom Teachers	35	48	30	10	9	10	33	175
Total	36	48	35	12	10	11	34	186

## City of Baker School System

Public School Staff Data  
For the Year Ended June 30, 2012

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$ 49,248	\$ 49,061
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 48,489	\$ 48,296
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	137	125

**Note:** Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

## CITY OF BAKER SCHOOL SYSTEM

**Class Size Characteristics**  
**As of October 1, 2011**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	45%	116	51%	132	4%	9	0%	-
Elementary Activity Classes	23%	7	33%	10	7%	2	37%	11
Middle/Jr High	75%	127	21%	36	4%	7	0%	-
Middle/Jr High Activity Classes	48%	12	16%	4	32%	8	4%	1
High	74%	166	22%	50	4%	8	0%	-
High Activity Classes	97%	63	3%	2	0%	-	0%	-

City of Baker School System

Louisiana Educational Assessment Program (LEAP) for the 21st Century  
For the Year Ended June 30, 2012

District Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced	2	1.25%	5	2.89%	2	1.12%	5	3.13%	11	6.38%	1	0.56%
Mastery	23	14.38%	15	8.67%	11	6.15%	23	14.38%	12	6.94%	11	6.15%
Basic	69	43.13%	68	39.31%	72	40.22%	52	32.50%	78	45.09%	65	36.31%
Approaching Basic	32	20.00%	50	28.90%	51	28.49%	43	26.87%	34	19.65%	40	22.35%
Unsatisfactory	34	21.24%	35	20.23%	43	24.02%	37	23.12%	38	21.96%	62	34.63%
<b>Total</b>	<b>160</b>	<b>100.00%</b>	<b>173</b>	<b>100.00%</b>	<b>179</b>	<b>100.00%</b>	<b>160</b>	<b>100.00%</b>	<b>173</b>	<b>100.00%</b>	<b>179</b>	<b>100.00%</b>

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced	1	0.64%	0	0.00%	0	0.00%	0	0.00%	1	0.58%	0	0.00%
Mastery	8	5.03%	3	1.73%	5	2.79%	5	3.14%	4	2.31%	4	2.23%
Basic	52	32.70%	54	31.21%	61	34.08%	68	42.78%	63	36.42%	68	37.99%
Approaching Basic	64	40.25%	66	38.15%	70	39.11%	43	27.04%	49	28.32%	42	23.46%
Unsatisfactory	34	21.38%	50	28.91%	43	24.02%	43	27.04%	56	32.37%	65	36.32%
<b>Total</b>	<b>159</b>	<b>100.00%</b>	<b>173</b>	<b>100.00%</b>	<b>179</b>	<b>100.00%</b>	<b>159</b>	<b>100.00%</b>	<b>173</b>	<b>100.00%</b>	<b>179</b>	<b>100.00%</b>

City of Baker School System

Louisiana Educational Assessment Program (LEAP) for the 21st Century  
For the Year Ended June 30, 2012

District Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0.00%	0	0.00%	2	1.69%	1	0.89%	0	0.00%	1	0.85%
Mastery	2	1.79%	10	9.62%	12	10.17%	1	0.89%	0	0.00%	2	1.71%
Basic	48	41.07%	37	35.58%	41	34.75%	31	27.68%	33	31.73%	28	23.93%
Approaching Basic	47	41.98%	48	44.23%	47	39.83%	44	39.29%	32	30.77%	44	37.61%
Unsatisfactory	17	15.18%	11	10.57%	18	13.56%	35	31.25%	39	37.50%	42	35.90%
Total	112	100.00%	104	100.00%	118	100.00%	112	100.00%	104	100.00%	117	100.00%

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0.00%	1	0.97%	1	0.81%	1	0.81%	1	0.97%	0	0.00%
Mastery	9	8.18%	7	6.80%	8	4.84%	4	3.64%	2	1.84%	3	2.42%
Basic	38	32.73%	39	37.86%	28	22.58%	39	35.45%	34	33.01%	30	24.19%
Approaching Basic	43	39.09%	35	33.98%	82	41.94%	40	36.36%	47	45.63%	38	29.03%
Unsatisfactory	22	20.00%	21	20.39%	37	29.83%	28	23.64%	19	18.45%	55	44.38%
Total	110	100.00%	103	100.00%	124	100.00%	110	100.00%	103	100.00%	124	100.00%

## City of Baker School System

The Graduation Exit Exam for the 21st Century  
For the Year Ended June 30, 2012

District Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 10</b>												
Advanced			0	0.00%	0	0.00%			2	1.90%	1	0.88%
Mastery			2	1.90%	3	2.80%			5	4.76%	5	4.42%
Basic			38	38.18%	45	42.06%			34	32.38%	42	37.17%
Approaching Basic			41	39.05%	37	34.58%			27	25.71%	25	22.13%
Unsatisfactory			24	22.86%	22	20.56%			37	35.25%	40	35.40%
<b>Total</b>			105	100.00%	107	100.00%			105	100.00%	113	100.00%

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 11</b>												
Advanced	0	0.00%	0	0.00%	2	1.90%	0	0.00%	0	0.00%	0	0.00%
Mastery	5	5.81%	9	9.38%	12	11.43%	3	3.49%	0	0.00%	6	5.71%
Basic	23	28.74%	31	32.29%	33	31.43%	29	33.72%	40	41.67%	40	38.10%
Approaching Basic	30	34.88%	27	28.13%	35	33.33%	32	37.21%	31	32.29%	36	34.29%
Unsatisfactory	28	32.57%	29	30.20%	23	21.91%	22	25.58%	25	26.04%	23	21.90%
<b>Total</b>	86	100.00%	96	100.00%	105	100.00%	86	100.00%	96	100.00%	105	100.00%

Note: In 2012 the English and Math portions of the GEE were phased out for 10th graders.



City of Baker School System

The ILEAP Tests  
For the Year Ended June 30, 2012

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	4	3.01%	5	3.78%	1	0.75%	0	0.00%
Mastery	8	6.02%	16	12.03%	12	9.02%	12	9.02%
Basic	49	36.84%	53	39.85%	40	30.08%	44	33.08%
Approaching Basic	34	25.58%	25	18.80%	50	37.58%	28	21.05%
Unsatisfactory	38	28.57%	34	25.56%	30	22.56%	49	36.85%
<b>Total</b>	<b>133</b>	<b>100.00%</b>	<b>133</b>	<b>100.00%</b>	<b>133</b>	<b>100.00%</b>	<b>133</b>	<b>100.00%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	2	1.59%	2	1.58%	0	0.00%	0	0.00%
Mastery	9	7.14%	7	5.55%	3	2.38%	2	1.59%
Basic	46	36.51%	43	34.13%	36	28.57%	42	33.33%
Approaching Basic	35	27.78%	37	29.37%	50	39.68%	32	25.40%
Unsatisfactory	34	26.98%	37	29.37%	37	29.37%	50	39.68%
<b>Total</b>	<b>126</b>	<b>100.00%</b>	<b>126</b>	<b>100.00%</b>	<b>126</b>	<b>100.00%</b>	<b>126</b>	<b>100.00%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	2	1.36%	2	1.36%	0	0.00%	1	0.68%
Mastery	8	5.44%	8	5.44%	5	3.40%	5	3.40%
Basic	60	40.82%	48	33.33%	40	27.21%	38	26.85%
Approaching Basic	51	34.69%	29	19.73%	73	49.66%	60	40.82%
Unsatisfactory	26	17.69%	59	40.14%	29	19.73%	43	28.25%
<b>Total</b>	<b>147</b>	<b>100.00%</b>	<b>147</b>	<b>100.00%</b>	<b>147</b>	<b>100.00%</b>	<b>147</b>	<b>100.00%</b>

City of Baker School System

The iLEAP Tests  
For the Year Ended June 30, 2012

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	2	1.32%	1	0.66%	1	0.66%	8	5.30%
Mastery	6	3.85%	2	1.32%	8	5.30%	33	21.85%
Basic	55	36.18%	42	27.63%	50	33.11%	70	46.36%
Approaching Basic	50	32.89%	44	28.95%	48	31.79%	22	14.57%
Unsatisfactory	39	25.66%	63	41.44%	44	29.14%	18	11.92%
Total	152	100.00%	152	100.00%	151	100.00%	181	100.00%

District Achievement Level Results	English Language Arts		Mathematics	
	2012		2012	
Students	Number	Percent	Number	Percent
Grade 8				
Advanced				
Mastery				
Basic				
Approaching Basic				
Unsatisfactory				
Total				

Please note that the grade 9 iLEAP has been dropped by the Department of Education, everything at that level was moved to end of course testing.  
The Department of Education will be reviewing End of Course Testing and its potential inclusion for Assurance purposes in time for Assurance submissions next year.

## The ILEAP Tests

For the Year Ended June 30, 2011

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 3								
Advanced	1	0.71%	2	1.42%	0	0.00%	0	0.00%
Mastery	14	9.83%	18	12.77%	5	3.57%	4	2.84%
Basic	55	39.01%	58	41.13%	45	32.14%	61	43.26%
Approaching Basic	36	25.53%	30	21.28%	50	35.71%	38	25.53%
Unsatisfactory	35	24.82%	33	23.40%	40	28.56%	40	28.37%
Total	141	100.00%	141	100.00%	140	100.00%	141	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 8								
Advanced	1	0.88%	2	1.72%	0	0.00%	0	0.00%
Mastery	10	8.62%	3	2.59%	5	4.31%	5	4.31%
Basic	47	40.52%	41	35.34%	35	30.17%	39	33.62%
Approaching Basic	35	30.17%	33	28.45%	42	36.21%	32	27.58%
Unsatisfactory	23	19.83%	37	31.90%	34	29.31%	40	34.48%
Total	116	100.00%	116	100.00%	116	100.00%	116	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 6								
Advanced	0	0.00%	0	0.00%	3	2.10%	0	0.00%
Mastery	5	3.50%	3	2.10%	4	2.80%	4	2.80%
Basic	49	34.27%	39	27.27%	36	25.17%	29	20.28%
Approaching Basic	51	35.66%	33	23.08%	60	41.96%	45	31.47%
Unsatisfactory	38	26.57%	68	47.55%	40	27.97%	65	45.45%
Total	143	100.00%	143	100.00%	143	100.00%	143	100.00%

District Achievement Level Results	English		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 7								
Advanced	0	0.00%	0	0.00%	1	0.93%	1	0.93%
Mastery	5	4.63%	2	1.85%	1	0.93%	8	7.41%
Basic	39	36.11%	35	32.41%	23	21.30%	58	53.70%
Approaching Basic	45	41.67%	32	29.83%	50	46.28%	22	20.37%
Unsatisfactory	19	17.59%	39	36.11%	33	30.55%	19	17.59%
Total	108	100.00%	108	100.00%	108	100.00%	108	100.00%

District Achievement Level Results	English Language Arts		Mathematics	
	2011		2011	
	Number	Percent	Number	Percent
Students				
Grade 9				
Advanced				
Mastery				
Basic				
Approaching Basic				
Unsatisfactory				
Total				

## The ILEAP Tests

For the Year Ended June 30, 2010

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 3								
Advanced	0	0.00%	1	0.55%	0	0.00%	1	0.55%
Mastery	19	10.44%	6	3.30%	4	2.20%	10	5.49%
Basic	61	33.52%	48	25.27%	52	28.57%	63	34.62%
Approaching Basic	43	23.83%	49	26.92%	69	37.91%	53	29.12%
Unsatisfactory	59	32.41%	80	43.96%	57	31.32%	55	30.22%
Total	182	100.00%	182	100.00%	182	100.00%	182	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 5								
Advanced	0	0.00%	2	1.49%	1	0.75%	0	0.00%
Mastery	13	9.70%	8	5.97%	6	4.48%	4	2.99%
Basic	54	40.30%	39	29.10%	45	33.58%	38	28.36%
Approaching Basic	42	31.34%	37	27.61%	53	39.55%	40	29.85%
Unsatisfactory	25	18.88%	48	35.83%	29	21.84%	52	38.80%
Total	134	100.00%	134	100.00%	134	100.00%	134	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 6								
Advanced	1	0.88%	0	0.00%	0	0.00%	2	1.72%
Mastery	2	1.72%	1	0.85%	5	4.31%	3	2.59%
Basic	55	47.41%	32	27.35%	35	30.17%	40	34.48%
Approaching Basic	37	31.90%	42	35.90%	49	42.24%	39	33.62%
Unsatisfactory	21	18.11%	42	35.90%	27	23.28%	32	27.59%
Total	116	100.00%	117	100.00%	118	100.00%	118	100.00%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 7								
Advanced	0	0.00%	1	0.88%	0	0.00%	0	0.00%
Mastery	7	6.14%	1	0.88%	3	2.68%	4	3.57%
Basic	44	38.60%	26	23.01%	35	31.25%	43	38.39%
Approaching Basic	39	34.21%	38	33.63%	44	39.29%	38	32.14%
Unsatisfactory	24	21.05%	47	41.60%	30	26.78%	26	25.90%
Total	114	100.00%	113	100.00%	112	100.00%	112	100.00%

District Achievement Level Results	English Language Arts		Mathematics	
	2010		2010	
	Number	Percent	Number	Percent
Students				
Grade 9				
Advanced	0	0.00%	2	1.79%
Mastery	5	4.42%	2	1.79%
Basic	46	40.71%	38	33.93%
Approaching Basic	53	46.90%	34	30.36%
Unsatisfactory	8	7.97%	36	32.13%
Total	113	100.00%	112	100.00%

December 19, 2012

Members of the Board and Management  
City of Baker School System  
Baker, Louisiana

In planning and performing our audit of the financial statements of the City of Baker School System for the year ended June 30, 2012, we considered the School System's internal controls and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that are opportunities for improving financial reporting, refining policies and procedures and enhancing compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 19, 2012 on the financial statements of the School System

**A. Payroll Review**

**Condition:**

During the performance of our audit procedures, we noted that there is no location level review of payroll runs to ensure that all new employees are added, all terminated employees are removed from the system and that all individuals being paid are currently employed by the School System.

**Recommendation:**

We suggest that the School System send the payroll runs to each school principal for review. We suggest the principal review the list for accuracy of the employees being paid for their school and sign the payroll run as evidence of their approval. We suggest the Superintendent perform the same review and signature for all employees of the central office.

**Management's Response**

*Management concurs with this finding. Management has complied with the auditor's recommendation and effective immediately, the payroll department will forward all pre-processing payroll edit listings to the principals, department supervisors and superintendent for review and signatures.*

**B. Segregation of Duties**

**Condition**

Presently, a single individual has the ability to set up vendors and prepare checks. To the extent possible, duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system as possible.

**Recommendation:**

We suggest the School System designate and limit the responsibilities of setting up vendors from preparing checks.

**Management's Response:**

*Management concurs with this finding. Effective immediately, only the purchasing clerk will have access to add or update vendor information. All other employees will be restricted.*

**C. Louisiana Code of Governmental Ethics**

**Condition:**

In the performance of our audit procedures, it was disclosed that the son of a department head contracted with the School System to provide maintenance services. The amount paid under this contract during the fiscal year ended June 30, 2012 was \$2,150. Under LSA-R.S. 42:1113, bidding on, entering into, or being in any way interested in any contract, subcontract or other transaction under the supervision or jurisdiction of the public servant's agency is prohibited. This restriction also applies to the immediate family members of the public servant and to legal entities in which the public servant and/or his family members own an interest in excess of 25%.

**Recommendation:**

We recommend the School System establish an internal review of all vendors to ensure the School System is not contracting with family members or businesses owned by employees or their family members in violation of state law.

**Management's Response:**

*Management concurs with this finding. Contract forms will be modified to contain a clause asking contractors to disclose any relative that work in the district and comply with LA-R.S. 42:1113 accordingly.*

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank the School System staff for their cooperation with us during the performance of the audit.

This letter is intended solely for the information and use of the City of Baker School System, management of the School System and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Postlethwaite + Matterwill*

